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The Future of the Electrical

Production Industry

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EDITORIAL: THE FUTURE OF THE ELECTRICAL INDUSTRY  
AS SEEN FROM THE REBIRTH OF THE HUA-TUNG PLANT

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Because its former manager had fled to Taiwan, the Hua-tung Electrical Plant had no management authority for some time after Shanghai was liberated. On 16 December 1949, under the leadership of the Industrial Division of the East China Military and Political Committee, a committee on reorganization was set up by government officials, labor and management. Henceforth, with all-out support from the government, the 30-year old Hua-tung, which had been almost on the verge of total collapse, was reborn. It is the first privately-owned company to be reorganized on the basis of national capitalization; its reorganization demonstrates that the people's government is carrying out a policy of "fostering and developing private enterprises which are beneficial to the national welfare and the people's livelihood."

The Hua-tung Plant was established in 1919 by Mr. Yao Te-fu, who was from the proletariat class and was famous for manufacturing fans, motors, transformers and other things. It had been expanded several times in the course of its 30-year existence. At the time the plant moved to Si-Kang Road, it possessed 120 operating machines and employed 5 workers and employees. It is one of the few famous electrical plants in China. It produced many valuable products, including dozens of different types of electric motors, electric transformers having a capacity as high as 2,500 kilovolt-amperes, small motors for boats, locomotives, and passen-

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ger cars; household electric appliances, electric meters, and others.

The Hua-tung Plant has a brilliant past. This is not only because it produced various motors, but also because it possessed 250 skilled workers and 51 technicians who have excellent experience in manufacturing electric motors, and about 20 experts in management who were former workers. All these constitute a valuable asset to the plant.

However, the plant was confronted with the problem of a lack of working capital and other difficulties in the period shortly before and after the liberation, for the manager, who did not understand the political situation correctly, transferred a huge amount of capital and removed the machinery which was obtained from Japan as war reparations to Taiwan. He further aggravated the situation by accepting purchase orders from Taiwan; these orders were delivered in Shanghai, but money was collected by the plant's representatives in Taiwan. Hence, the plant's production declined; motors fell from 957 in 1948 to 128 in 1949, and transformers from 85 units, 12,300 kilovolt-amperes in 1948 to 41 units, 5,686 kilovolt-amperes. In the period shortly after the liberation, the plant was in the red and could hardly maintain its operation. It appealed to the Heavy Industry Division for help in August 1949. Despite various types of assistance such as giving purchase orders, loans, re-purchasing of raw materials and other measures rendered by the Heavy Industry Division, it could not possibly sustain its existence, as it was too deeply involved in too many difficulties over a long period of time. Consequently,

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the board of directors, the workers, and the employees appealed to the East China Military and Political Control Committee and asked it to join the plant by contributing capital. This was accepted because the Industry Division recognized the plant's past history and its potential contribution to national economic reconstruction once it was reorganized. Thus the plant becomes an enterprise owned by private and public capital.

Under the leadership of the Industry Division, the plant's personnel was reduced in number, the number of technicians was increased in proportion to personnel in general administration, and plant's administration system was overhauled. New machines were donated by the Industry Division to replace the old ones which had become almost obsolete after having been used for 30 years. Shops were renovated and plans were laid to purchase additional machinery from foreign sources. As to technology, new methods of production were introduced by publicly-owned enterprises under the guidance of government engineers. With regard to production plans, the plant is slated to increase the production of electric motors and transmitters, for which job the plant has fine experience in production. The plant also plans to convert its electrical instruments division into a division to produce electric meters (kilowatt hour meters). After the reorganization, the old Hua-tung Plant has become a young Hua-tung to work for national reconstruction in the interest of the people.

We recognize fully the following factors in the rebirth of the Hua-tung Plant:

- (1) The main reason that the Hua-tung Plant previously

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had poor business and almost collapsed was that its managerial personnel failed to grasp the meaning of the economic policy behind the people's regime; they also failed to understand that a factory is a social enterprise indispensable to the welfare of the nation and the people. Thus they let the plant run down or even deliberately undermined it. It goes without saying that they paid no attention to the livelihood of the workers. From now on, national capitalists engaged in industrial production and who have the correct political ideology and are devoted to serving the people will have an unlimited future.

(2) The private and public joint ownership of industry under the people's government is basically different from that under the Kuomintang regime. Joint ownership under the Kuomintang regime was in fact controlled by the bureaucratic capitalists; it paid no attention to the needs of the people. The present joint ownership takes due account of private and public interests on the basis of justice and equality and is responsible to the people. Had the former Hua-tung Plant not been taken over by the Industry Division it could not possibly have improved its production technique and equipment rapidly and thus preserved its past brilliant records.

(3) Manufacturers under a capitalist society have always been engaged in reckless competition and produce without any plan. They produce a wide variety of goods regardless of the potential capacity of the plant and the prevailing techniques. As a result, costs are high, quality poor. Moreover, they cannot specialize and hence improve technology since they produce too many different goods.

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All these factors present great difficulties to industrial development. Since the Hua-tung Plant's reorganization, it has concentrated on the production of a few specific goods -- several types of electric motors. This indicates that only by production specialization in accordance with the needs of the country and by self-help can private enterprises survive and grow.

(4) Since industrial production exists for rendering service to the people, industries that are needed by the people will certainly grow. China is now being steadily transformed from an agricultural to an industrial nation. Her industrialization will begin with the development of heavy industry, for she needs badly power and mining machinery. In this respect, the Hua-tung has indeed chosen a very sound approach, for the motors it produces are badly needed in China, both inland and in the mines, and its electric meters are widely in demand for the broad masses.

Under the leadership of the state economy of the New People's Democracy, the reorganized Hua-tung Plant has a bright future ahead. Understanding the reorganization of Hua-tung, industrial plants which have long histories and whose products are of good quality now need feel no unnecessary suspicion; they may determine their field of further specialization, and march forward toward prosperity.

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